



October 5, 2011

The Honorable Dave Camp
Chairman, Committee on Ways and Means
The United States House of Representatives
Washington, DC 20515

Dear Chairman Camp:

On behalf of the National Association of Counties, I would like to thank you for your recognition of the importance in repealing Section 511 of the Tax Increase Prevention and Reconciliation Act of 2005 (P.L. 109-222). It has come to our attention that H.R. 674, which would repeal this burdensome provision, will come before the Ways and Means Committee this month. Repealing this provision is of the utmost importance and urgency to state and local governments and has been the focus of our collective efforts since its passage.

For many local governments that will be impacted by the requirement, Section 511 not only imposes a burdensome unfunded mandate, but will cause those governments to focus scarce resources on implementation at a time when such resources are desperately needed to provide services to our shared constituents. For county governments, the sophistication of systems needed to capture and report the required data varies greatly and most do not have the resources, capacity or staff to undertake the required withholding and remittance. Additionally, given the current strain on state and local government budgets, many of the counties that would be subject to the requirement simply do not have the means to bear the costs to purchase or retrofit existing payment and procurement systems. Furthermore, counties are already making tough decisions such as reducing services and cannot withstand the increased costs in goods and services that will likely result when private sector companies pass along the three percent withheld as a cost of doing business.

We support continuing efforts to close the tax gap. However, we do not believe imposing costly tax collection duties on state and local governments addresses the problem of non-compliance by contractors. Rather, we believe that implementing Section 511 will lead to higher prices, less competition, and discourage bidding on government contracts. We applaud your efforts to address this costly provision and fully support the repeal of Section 511.

Should you have any question or require additional information please contact our representative in Washington, Mike Belarmino at 202.942.4254 or mbelarmino@naco.org.

Sincerely,

A handwritten signature in black ink that reads 'Larry Naake'. The signature is written in a cursive, flowing style.

Larry Naake
Executive Director

cc: Representative Sander Levin, Ranking Member, Committee on Ways and Means
Representative Wally Herger
Representative Earl Blumenauer